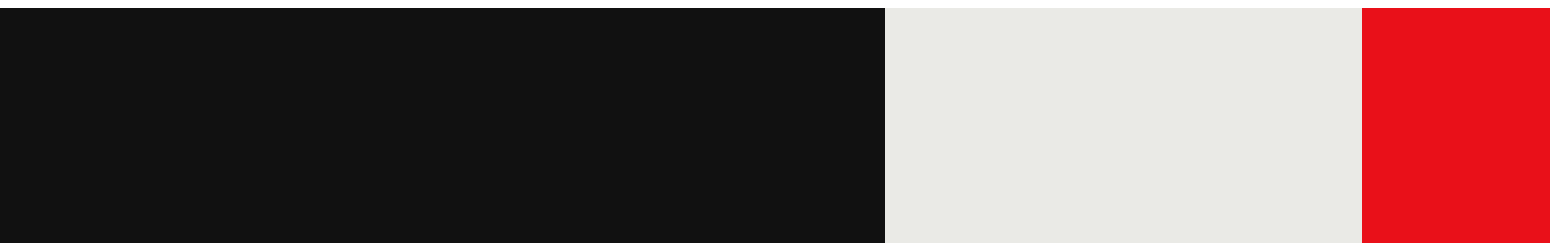



In the UK, search's saving grace was strong growth in ecommerce

Article



Search had a challenging time during the pandemic. Spend grew just 5.3% to £7.34 billion (\$9.41 billion) in 2020, down from 17.7% the previous year and significantly down on our pre-pandemic estimate of 12.2% growth. However, this latest forecast is a reversal on our interim August 2020 estimate, when we expected a decline of 1.7% for the year.

Digital Ad Spending in the UK, by Format, 2019-2024

	2019	2020	2021	2022	2023	2024
Digital ad spending (billions of £)						
Display**	£6.86	£8.06	£9.50	£10.73	£12.01	£13.08
—Video	£3.38	£4.27	£5.14	£5.99	£6.95	£7.78
Search*	£6.97	£7.34	£8.57	£9.66	£10.77	£11.62
Classified	£1.31	£0.95	£1.03	£1.10	£1.08	£1.06
Other***	£0.11	£0.12	£0.13	£0.14	£0.16	£0.17
Total	£15.24	£16.46	£19.23	£21.63	£24.01	£25.93
Digital ad spending growth (% change)						
Display**	17.5%	17.5%	17.9%	13.0%	11.9%	9.0%
—Video	29.5%	26.5%	20.3%	16.5%	16.1%	11.9%
Search*	17.7%	5.3%	16.8%	12.7%	11.5%	7.9%
Classified	-3.6%	-27.3%	7.9%	6.8%	-1.9%	-1.9%
Other***	15.4%	9.5%	11.2%	10.3%	9.0%	8.0%
Total	15.4%	8.0%	16.8%	12.5%	11.0%	8.0%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; *paid listings, contextual text links, and paid inclusion; **banners (static display), rich media, sponsorships, video (including advertising that appears before, during, or after digital video content in a video player); ***email, mobile messaging, and lead generation
Source: eMarketer, March 2021

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Travel spending is predominant in search, so 2020 was likely to be a rocky year for the format. Our ad spend by industry forecasts from August last year were already painting a bleak picture for the travel sector—a 36.7% decline in digital ad spend in 2020—and our update later this year is unlikely to contain any significant upticks.

The saving grace for search, though, was the strong showing for ecommerce—retail ecommerce sales in the UK grew 34.7% in 2020. The dynamics in this space have altered slightly, though, with Google facing increasing competition.

Google's overall search ad revenues in the UK did manage to grow in 2020, by 2.0%, but its share of the total search market declined, from 72.6% in 2019 to 70.3%. This share will recover slightly this year, as the travel sector comes back, but thereafter will fall away again—by 2023, its share will have dropped to 68.7%.

The impact of Amazon on this share likely has a role to play, with ecommerce advertising spend becoming so important during the pandemic. We don't yet have a UK forecast for Amazon ad revenues, but our global figures indicated a huge 52.5% increase for the company in 2020, with steady gains set to continue.

But while Amazon-inspired search managed to claw back some ground in a difficult 2020, display ad spending (powered by video's strong showing) forged ahead in the digital shakeout. Last year, it surpassed search for the first time as the predominant ad format, accounting for 48.9% of total digital ad spend against search's 44.6%.

Digital Ad Spending in the UK, by Format, 2019-2024

% of total

	2019	2020	2021	2022	2023	2024
Display**	45.0%	48.9%	49.4%	49.6%	50.0%	50.5%
—Video	22.1%	25.9%	26.7%	27.7%	29.0%	30.0%
Search*	45.7%	44.6%	44.6%	44.7%	44.9%	44.8%
Classified	8.6%	5.8%	5.4%	5.1%	4.5%	4.1%
Other***	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; *paid listings, contextual text links, and paid inclusion; **banners (static display), rich media, sponsorships, video (including advertising that appears before, during, or after digital video content in a video player); ***email, mobile messaging, and lead generation
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This trend will play out through the rest of our forecast, and by 2024, display will account for a (slight) majority share of all UK digital media spend—50.5%, with classified ad spending and our “other” category each accounting for diminishing or stagnant proportions of the total.

eMarketer PRO subscribers can explore our latest forecast for UK ad spending, including breakouts by media, format, and company. Our new report also examines how the pandemic affected the ad market last year and how the changing dynamics may play out in the future.

Report by Bill Fisher Apr 29, 2021

UK Digital Ad Spending 2021

